

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 3634

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E.O. 11652: N/A

TAGS: EFIN, ECRE, SA, US

SUBJECT: PROPOSED TEAM TO DISCUSS SURETY BONDS VS PERFORMANCE GUARANT

EES

REFS (A) STATE 30925, (B) JIDDA 00710, (C) STATE 023883,

(D) JIDDA 00605

1. AS INDICATED BY JIDDA 00710, SAMA HAS BEEN DESIGNATED BY MINFINANCE TO REPRESENT SAG IN DISCUSSIONS REGARDING PERFORMANCE GUARANTEES WITH PROPOSED TEAM. IN SUBSEQUENT CONVERSATION WITH EMBOFF, GOVERNOR MADE FOLLOWING POINTS.

2. THE DISCUSSIONS PROPOSED ARE "SPECIAL CONSULTATIONS -- NOT NEGOTIATIONS." IF THE DISCUSSIONS PRODUCE POSITIVE RESULTS, THE SAG MIGHT STUDY THE FEASIBILITY OF ADOPTING SUGGESTIONS REGARDING SURETY BONDING. IF SO, SUCH CHANGES IN PRESENT SAUDI REGULATIONS WOULD BE APPLICABLE TO BUSINESSMEN OF ALL NATIONALITIES. IT IS IMPERATIVE, SAID QURAISHI, THAT THE USG UNDERSTAND THAT SAUDI ARABIA IS NOT CONTEMPLATING A CHANGE IN PRESENT OR FUTURE BUSINESS RELATIONS WITH THE U.S. THE GOVERNOR THEN ASKED THAT

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WE RE-EMPHASIZE THE POINT THAT DISCUSSIONS ARE CONSULTATIONS

NOT REPEAT NOT NEGOTIATIONS.

3. GOVERNOR QURAIISHI ALSO STATED HIS DISMAY THAT A TOTAL OF NINE (9) INDIVIDUALS WOULD BE COMING TO JIDDA. THE GOVERNOR ASKED THAT THE TEAM CALLING ON SAMA BE RESTRICTED TO THE FOLLOWING: ONE (1) REPRESENTATIVE OF THE U.S. SURETY BONDING INDUSTRY, ONE (1) REPRESENTATIVE OF THE U.S. CONSTRUCTION INDUSTRY, AND ONE (1) REPRESENTATIVE FROM U.S. TREASURY DEPARTMENT (GOVERNOR HAS MET BAZARIAN AND SUGGESTS LATTER BE TREASURY REPRESENTATIVE), AND ONE (1) EMBASSY OFFICER. GOVERNOR THEN POLITELY, BUT POINTEDLY SAID HE WOULD INSTRUCT SAMA PERSONNEL TO MAKE HOTEL RESERVATIONS FOR FOUR INDIVIDUALS. EMBOFF POINTED OUT DIFFICULTIES IN RESTRUCTURING MAKE-UP OF TRIP AT THIS STAGE, PARTICULARLY AS PRIVATE INDIVIDUALS INVOLVED, BUT GOVERNOR WAS UNIMPRESSED. FINAL COMMENT WAS THAT ANY NUMBER COULD COME, BUT THAT SAMA WOULD EXPECT ONLY FOUR (4) PERSONS TO ATTEND DISCUSSIONS.

4. GOVERNOR QURAIISHI WILL WELCOME TEAM PERSONALLY AND EXPLAIN HIS UNDERSTANDING OF THE NATURE OF THE DISCUSSIONS. HE WILL THEN TURN OVER TO TWO SAMA EXPERTS, PLUS TWO MINFINANCE EXPERTS. NO EXPERTS FROM SAUDI SIDE HAVE YET BEEN NAMED.

5. COMMENT: EMBASSY HAS NOT REPEAT NOT MADE EFFORT TO CONTACT OTHER SAUDI MINISTRIES. AS NOTED IN JIDDA 00710, THE SAUDIS MAY HAVE RESERVATIONS ABOUT SUCH CONTACTS AND EMBASSY WOULD NOT WANT TO PREJUDICE CHANCES FOR SUCCESS OF MEETING BY TREADING UNWARILY IN A SENSITIVE AREA. EMBASSY WILL, OF COURSE, UNDERTAKE TO PASS ON CONTENT OF TEAM MEETINGS TO VARIOUS MINISTERS WHO WOULD HAVE A NEED TO KNOW.

6. EMBASSY URGES THAT EVERY EFFORT BE MADE TO REDUCE SIZE OF TEAM. AT THE LEAST, TEAM MEMBERS SHOULD BE BRIEFED ON QURAIISHI DESIRES, AND THAT THEY KNOW IN ADVANCE THEY MAY BE SERVING AS "CONSULTANTS" OUTSIDE OF THE ACTUAL DISCUSSIONS.

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7. EMBASSY ITSELF HAS BEEN UNABLE TO MAKE HOTEL RESERVATIONS, BUT WE WILL DO OUR BEST TO FIND SOME SORT OF ACCOMMODATIONS FOR TEAM.
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